

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 TRSE-00 INT-05 ERDA-05 OES-06 AID-05

NSC-05 NSF-01 IO-13 AGR-05 SS-15 L-03 COME-00 ARA-06

EB-07 CIAE-00 INR-07 NSAE-00 /094 W

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R 071105Z JUL 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 5227

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TREASURY FOR OSAA

DEPT OF INTERIOR FOR OWRT

E.O. 11652/ N/A

TAGS: USSAEC

SUBJECT: DESALINATION RESEARCH CENTER: INTERIOR-TREASURY TEAM  
MEETS WITH SWCC OFFICIALS

REF: STATE 165589

SUMMARY: FOUR-MAN TEAM FROM INTERIOR AND TREASURY DEPARTMENTS, ACCOMPANIED BY USREP AGRICULTURE AND WATER MONITOR AND EMBOFFS, MET WITH SALINE WATER CONVERSION CORPORATION (SWCC) OFFICIALS ON JULY 4 AND 5 TO DISCUSS SWCC COUNTER-PROPOSAL FOR A DESALINATION RESEARCH CENTER AND INTERIOR-TREASURY DRAFT AGREEMENT DATED JUNE 23, 1976. MEETINGS WERE CORDIAL, WITH ISSUES OF TECHNICAL NATURE DISCUSSED OPENLY AND AMICABLY. LEGAL ISSUES WERE, FOR THE MOST PART, LEFT FOR FUTURE DISCUSSIONS. SWCC WILL SUBMIT ITS COMMENTS TO INTERIOR IN WRITING AFTER LEGAL COUNSEL ANALYZES DRAFT AGREEMENT. SUBSEQUENT MEETING HAS BEEN SCHEDULED FOR OCTOBER 4 IN WASHINGTON TO HAMMER OUT FINAL AGREEMENT. END SUMMARY.

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1. MESSRS. PATTERSON, JORGENSEN AND HAHN OF INTERIOR/OWRT,

BRUCE PALMER OF TREASURY, EUELL DAVIS, AGRICULTURE AND WATER MONITOR FOR USREP AND EMBOFFS MET WITH HRH PRINCE MOHAMED AL-FAISAL, GOVERNOR OF SWCC, YOUSEF EL-AKEEL, VICE GOVERNOR FOR PROJECTS AND TECHNICAL AFFAIRS, AND ADNAN SAMMAN, VICE GOVERNOR FOR FINANCE, ON JULY 4. THE TEAM MET WITH YOUSEF EL-AKEEL AGAIN ON JULY 5 TO DISCUSS FURTHER THE RELATIVE POSITIONS OF BOTH SIDES. COPIES OF THE DRAFT AGREEMENT PREPARED BY INTERIOR AND TREASURY DATED JUNE 23, 1976, WERE GIVEN TO SWCC FOR THEIR PERSUAL PRIOR TO FORMAL DISCUSSIONS.

2. USG TEAM MET INITIALLY WITH VICE GOVERNOR EL-AKEEL MORNING OF JULY 4. EL-AKEEL REVIEWED U.S. DRAFT PROPOSAL ARTICLE BY ARTICLE, QUESTIONING POINTS WHICH WERE EITHER UNCLEAR TO HIM OR SUBJECT TO MODIFICATION AFTER NEGOTIATION.

3. EL-AKEEL WAS FRANK, OPEN AND CORDIAL THROUGHOUT THE DISCUSSION. HE READILY ADMITTED HIS INABILITY TO DISCUSS LEGAL MATTERS IN DEPTH. AND INDICATED HE WOULD FORWARD COMMENTS ON THE LEGAL QUESTIONS AFTER SWCC'S COUNSEL SCRUTINIZED THE DOCUMENT.

4. AFTER CONCLUDING INITIAL REVIEW OF THE AGREEMENT, THE USG TEAM MET WITH PRINCE MOHAMED AL-FAISAL. BOTH EL-AKEEL AND VG SAMMAN ATTENDED THE MEETING.

5. PRINCE MOHAMED ADMITTED THAT HE HAD NOT STUDIED THE U.S. DRAFT AGREEMENT CLOSELY, BUT WOULD RELY HEAVILY ON EL-AKEEL TO STRAIGHTEN OUT ANY TECHNICAL DISAGREEMENTS.

6. PRINCE MOHAMED DID NOT RAISE SERIOUS OBJECTIONS TO ANY OF THE ARTICLES OF THE U.S. DRAFT AGREEMENT. RATHER, HE SEEMED FAVORABLY DISPOSED TO RESOLVING ALL POINTS OF CONTENTION WITH AS LITTLE FRICTION AS POSSIBLE. HE QUESTIONED SEVERAL LEGAL ASPECTS OF THE AGREEMENT, NOTABLY ARTICLE VII DEALING WITH PATENTS, BUT DID NOT TAKE AN INALTERABLE STAND ON ANY PARTICULAR POINT.

7. ADNAN SAMMAN WAS UNAWARE OF THE MECHANISMS FOR FINANCING AS OUTLINED IN THE TECHNICAL COOPERATION AGREEMENT FOR USREP. LIMITED OFFICIAL USE

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EL-AKEEL SUGGESTED, AND DAVIS CONCURRED, THAT A MEETING BETWEEN SAMMAN AND DEPUTY MINISTER OF FINANCE AL-TURKI SHOULD BE ARRANGED.

8. EL-AKEEL MET WITH THE TEAM JULY 5 TO REVIEW THE WORK ACOMPLISHED AND DETERMINE WHAT NEEDED TO BE DONE. THE POINTS WHICH HAD BEEN AGREED UPON INCLUDED: STAFFING REQUIREMENTS AND DISPOSITION, PLACE OF PERFORMANCE, SCHEDULING

AND TIME DURATION OF INITIAL AGREEMENT, AND TECHNICAL CONTENT  
OF PROJECTS A AND B.

9. ITEMS REQUIRING FURTHER DISCUSSION:

- A. DETAILED COST ESTIMATES AND DELIVERY SCHEDULES.
- B. SWCC DEMAND THAT SAUDI LAWS APPLY TO CONTRACTING.
- C. CONFIDENTIALITY OF INFORMATION.
- D. PATENTS - SWCC DESIRE FOR OWNERSHIP OF ALL  
INFORMATION AND INVENTIONS.
- E. SWCC REQUEST FOR CLARIFICATION OF SPECIFIC  
ROLE OF JOINT COMMISSION ON ECONOMIC COOPERATION.

10. EL-AKEEL AGREED TO TRAVEL TO WASHINGTON TO RESUME  
TALKS ON OCTOBER 4. IN THE INTERIM, HE ANTICIPATED AN  
INTERCHANGE OF WRITTEN MATERIAL CLARIFYING POSITIONS AND  
PROVIDING DETAILS CONCERNING COSTS.

1. EL-AKEEL ADDED THAT THE PRINCE WOULD BE IN MEXICO  
CITY FOR A MEETING IN LATE OCTOBER. IF EL-AKEEL INITIALLED  
A FINAL AGREEMENT DURING HIS TRIP, AND HE STATED THAT HE  
EXPECTED TO DO SO, PRINCE MOHAMED COULD STOP IN WASHINGTON  
AFTER THE MEXICO CITY MEETING AND ATTEND A FORMAL SIGNING.  
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